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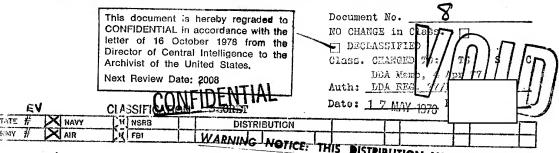
Long-term contricts

USIA has stopped accepting long-term contracts for products from USIAcontrolled firms, and for the past three weeks has been transferring contracts of this type to the Soviet Trade Delegation, which allegedly will replace USIA within the next six months. Although USIA has handled preliminary negotiations with prospective customers, all long-term contracts are new concluded directly between the Soviet Trade Delegation and the purchaser.

Electrical Industry

2. All firms administered by USIA's Electrical Administration have been directed to turn over their entire operating capital and payments received from various USA: firms to the Soviet Military Bank. At the same time, USIA has refused to permit these firms to make even minimal investments, and recently the Soviet director of Siemens-Schuckert, Engerthstrasse plant, refused to authorize the purchase of three paint spray guns. Weanwhile USI/ has curtailed the "Chemie" and "Fischerei" priority projects for the marifacture of direct and alternating current motors for shipment to the USSR and the Engerthstrasse plant has been directed to complete its present order by the end of 1949.*

25X1X the non-USIA Siemens-Schuckert Nibelungengasse plant, USI/ has forced Austrian directors of the USIA-controlled Engerthstrasse y ant to sign notes totalling about 10,000,000 schillings. a sum which alligedly equals the total investment made by the Soviets in this plant during the past four years. Unless these notes are redeemed by the Austria: Government in cash payments, the Soviete may remove capital goods from the Engerthstrasse plant equal to the value of these notes.**



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MSIA Dismantling Operations

 k_{σ} Recently, the Soviets started to remove precision tools, spare parts, light machinery and some electrical fixtures from Schwechat Flugmotorenworke and Ostmark-Werke G.m.b.H. in Vienna X, two firms which manufactured aircraft motors and parts during the war. During 1945-1946, the Soviets shipped a considerable amount of machinery from these plants to the Soviet Union, leaving only that equipment needed by USIA for the manufacture of agricultural machinery, pails and wheelbarrows. So far, recent dismantling operations have been on a limited scale, and plant employees who are mombers of Socialist trade unions believe the Soviets will postpone complete dismantling until after the Austrian parliamentary elections in the fall in order to avoid public criticism detrimental to Austrian Communist Party candidates. According to Socialist trade union officials, the Soviets will do most of the dismantling work at night, employ Communist laborers or Soviet troops, and use Soviet military vehicles to remove machinery from these plants. These same officials allegedly have stated their intention to form special factory guard units to scrutinize Soviet dismantling operations and to enlist the aid of local police and fire departments in raising a protest.

Other USIA developments

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5.	Another indication of Soviet preparations to release some USIA property is found in recent developments at the Esterhazy estates near Marz, Burgenland. This season's crops at these estates are not being harvested and the Soviets seem to have abandoned all agricultural machinery held at these estates. Meanwhile, USIA is reported to have leased a large section of the Esterhazy estates to small landowners for advance cash payments. "Teerag" A.G., Vienna III, Marxergasse 25, USIA-controlled construction firm, has suddenly cancelled all projects for the construction of roads and unloading ramps at various USIA installations.
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